



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0066	<b>Title:</b>	Generally revise laws regarding e-cigarettes
<b>Primary Sponsor:</b>	Sands, Diane	<b>Status:</b>	As Amended

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$8,460	\$8,460	\$8,460	\$8,460
<b>Net Impact-General Fund Balance:</b>	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>

**Description of fiscal impact:** SB 66 expands Title 16 Chapter 11, MCA, to include “alternative nicotine products” and “vapor products.” Under the proposed law, people would not be able to sell or distribute alternative nicotine products or vapor products to individuals less than 18 years of age. SB 66 will also require a \$5 license fee to sell alternative nicotine and vapor products. The proposed law is expected to increase general fund revenues by \$8,460 for FY 2016 through FY 2019.

### FISCAL ANALYSIS

#### Assumptions:

1. The proposed law’s expanded definition of tobacco products is not expected to directly impact cigarette tax revenue, or other tobacco products tax revenue.
2. SB 66 requires anyone who sells alternative nicotine products or vapor products to obtain a license from Montana’s Department of Revenue. SB 66 sets the application fee for the required license at \$5 per year, with all revenue from the license fee being deposited into the state’s general fund.
3. The department provided 1,692 retail licenses in the current fiscal year, resulting in \$8,460 in general fund revenue.

4. It is assumed the sale of “alternative nicotine products” and “vapor products” covered under the proposed law will originate from retail locations that already have retail tobacco licenses. As a result, it is assumed that 1,692 retail locations would apply to obtain the new license and pay the annual \$5 application fee.
5. Assuming 1,692 retail locations obtain the new license in FY 2016 through FY 2019, the \$5 application fee will generate \$8,460 in additional general fund revenue each fiscal year, starting in FY 2016.

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b><u>Expenditures:</u></b>				
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>
<b>TOTAL Revenues</b>	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>	<u>\$8,460</u>

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*